

## MEMORANDUM

To: Vermont Electric Utilities, Renewable Energy Providers and Other Interested Persons

From: Susan M. Hudson, Clerk of the Board

Re: Notice of a Second RGGI Workshop re the Establishment of a Process to Allocate Vermont's Budget of Carbon Credits, and Appointment of Consumer Trustee or Trustees pursuant to 30 V.S.A. § 255.

Date: March 20, 2008

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As many of you know, the states participating in the Regional Greenhouse Gas Initiative ("RGGI") have agreed to implement RGGI through a regional cap-and-trade program whereby the participating States anticipate auctioning nearly the entire annual regional emissions budget, which initially is approximately 188 million short tons of CO<sub>2</sub>. Furthermore, the states have agreed to participate in uniform regional auctions for the allowances that each state will be offering for sale. The initial auction is currently planned for September 2008.

On March 13, 2008, RGGI, Inc., the regional organization, issued a set of auction design principles.<sup>1</sup> The participating states have agreed on the following design elements: auction structure and format; allowance sale schedule; participation; reserve price; unsold allowances; notice of auctions; monitoring; and auction certification.<sup>2</sup>

Staff Attorneys David Farnsworth and Edward McNamara will conduct a workshop to discuss these principles, with the purpose of exploring how these principles would be implemented, and seeking guidance and recommendations from participants.

**The workshop will be held on Wednesday, April 2, 2008, from 10:30 A.M. - 12:00 Noon, at the Public Service Board Hearing Room, located on the third floor of the**

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<sup>1</sup> RGGI, Inc. is a non-profit corporation established to provide functions outlined in the RGGI Memorandum of Understanding originally dated December 20, 2005, and thereafter amended. RGGI, Inc. was formed to provide technical and scientific advisory services to the RGGI States in the development and implementation of a multi-state carbon cap-and-trade program. For more information *see*, <http://www.rggi.org/ro.htm>

<sup>2</sup> *See* attached memo entitled, "Design Elements for Regional Allowance Auctions under the Regional Greenhouse Gas Initiative."

**Chittenden Bank Building at 112 State Street, Montpelier, Vermont.** In order to facilitate future discussions among workshop participants, the workshop will be recorded by a court reporter. The Board would like to know how many people are likely to attend the workshop. Therefore, it asks that persons planning on attending e-mail the Clerk of the Board at [psb.clerk@state.vt.us](mailto:psb.clerk@state.vt.us).

A number of participants at the November 8, 2007, workshop submitted comments on various issues raised during the first workshop, including the allocation of revenues associated with the sale of Vermont's RGGI allowances, and the role of a trustee and/or fiscal agent. In the comments it submitted in response to issues raised during the first workshop, Green Mountain Power Corporation ("GMP") suggested that a group of interested stakeholders be convened to develop a draft implementation plan for 30 V.S.A. section 255.<sup>3</sup> GMP noted that the group should include a representative of the Vermont Department of Public Service, and that GMP is itself prepared to participate as a member of the group. Board Staff consider this an excellent suggestion and would like to further discuss this concept during the workshop.

One related issue that should be considered in the context of this discussion is the passage by both houses of the Vermont General Assembly of S.209, a bill that, if signed into law, would significantly amend 30 V.S.A. section 255. Board Staff encourage participants to review the provisions of this bill, especially sections 11 and 18.<sup>4</sup>

The Board is interested in oral or written comments from all interested persons regarding these issues. Participants may file written comments prior to the workshop or bring written comments, if they wish, to the workshop. The Board encourages participants to file electronic copies of comments which will be posted by the Board on its website.

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<sup>3</sup> GMP Comments of December 14, 2007.

<sup>4</sup> The language of these two sections of S.209 are attached to this memorandum.